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RUEHLP/AMEMBASSY LA PAZ 6790  
RUEHMN/AMEMBASSY MONTEVIDEO 7643  
RUEHFR/AMEMBASSY PARIS 0475  
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RUEHRG/AMCONSUL RECIFE 8958  
RUEHRI/AMCONSUL RIO DE JANEIRO 7141  
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C O N F I D E N T I A L SECTION 01 OF 02 BRASILIA 000068

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SUBJECT: BRAZIL'S DEFENSE MINISTER ON FIGHTER COMPETITION,  
NUCLEAR ENERGY POLICY, FOREIGN POLICY TEAM

REF: IIR 6 809 0067 09

Classified By: Ambassador Clifford M. Sobel, Reason 1.4 (b) and (d)

¶1. (C) The Brazilian Air Force's FX2 fighter competition is between the United States and France, Defense Minister Nelson Jobim told Ambassador Sobel on January 8. However, Brazil's defense relationship with the French is prospering because of French President Sarkozy's personal relationships and involvement. Brazil is looking to advance and coordinate development of nuclear energy by creating a nuclear "czar," Jobim said, and Energy Minister Edson Lobao, who has emerged from a competitive domestic policy making apparatus as the clear leader on all energy policy matters, will have a lead role on nuclear energy, as well. According to Jobim, Lula wants to work with the new U.S. Administration on strategic issues, and as Lula's most trusted foreign policy advisor, Marco Aurelio Garcia will be a critical player. End summary.

- - - Fighter Competition between U.S. and France - - -

¶2. (C) With Brasilia largely shut down for summer/Christmas holidays, Jobim invited the Ambassador to his home January 8 for a private meeting. He told the Ambassador that the FX2 fighter competition is between the U.S. F-18 and the French Rafale. (Note: the Swedish Grippen is the third plane in the competition. End note.) He said that there were three main criteria: price, which was not so important; technology, which the F-18 Super Hornet does very well on (the Navy "loves" it; Air Force chief Juniti Saito "likes" it); and technology transfer, which is the "core" criterion. He said tech transfer could extend beyond the plane itself to other possible collaboration, and was excited to hear that Boeing was working with a Brazilian company on a UAV, as it might prevent Brazil having to buy UAVs from Israel, which had become politically sensitive. Jobim plans to talk with Embraer over the next 30 days to get their views. The more Boeing can do to represent Brazilian products in the United States and to allow for transfer of U.S. technology to Brazil, the stronger the U.S. bid will be.

¶3. (C) Jobim said that the defense relationship with the French has prospered because of President Sarkozy's personal relationship with Lula. Sarkozy had assigned "ownership" of the relationship to his military advisor, and "the embassy just gets in the way." When there is a question about

whether technology can be transferred, Sarkozy tells the bureaucracy what to do. Jobim said that the defense agreements signed during Sarkozy's late December visit to Rio de Janeiro were negotiated by the Defense Ministry. Two of the elements were aimed at cooperation on the "soldier of the future" and a border surveillance network. The third, related to the fighter competition, was inserted by Defense over the objections of the Air Force in an effort to spur greater engagement in the competition by the United States and Sweden. (Note: Thus far, all of these agreements exist only on paper. End note.)

- - - Brazil Reviewing Its Nuclear Energy Policy - - -

¶4. (C) Jobim said that key GOB ministers, including Trade and Development, Science and Technology, Defense, and Casa Civil (Dilma Rousseff) are currently reviewing the GOB's nuclear energy with a view toward speeding development of clean nuclear energy. It is likely that the GOB will appoint a nuclear energy "czar" to oversee the activities of the ministries with nuclear responsibilities, and a retired admiral, Othon Pinheiro da Silva, is the leading candidate for the position. More broadly, Jobim said that Energy Minister Edson Lobao, who became Minister in early 2008 when former Energy Minister and current Presidential Chief of Staff Dilma Rousseff was still widely regarded as the de facto Energy Minister, has now emerged as the leading figure in managing Brazil's energy policy, and will have an important role on nuclear energy policy, as well. (See also reftel.)

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- - - Brazil's Foreign Policy Team: Who's on First - - -

¶5. (C) According to Jobim, President Lula wants to engage the new U.S. Administration early on "strategic issues." Jobim said that Marco Aurelio Garcia has a close and long-standing relationship with Lula that makes him "critically important" to Lula's foreign policy decision-making. It is also important to Lula that Garcia is well received by the left in Brazil and the region, which "insulates" Lula. Along with Chief of Staff Gilberto Carvalho, Garcia stands as one of Lula's most trusted advisors. Jobim added that Lula "uses" Foreign Minister Amorim, but has no strong personal relationship with him, and "dislikes" Deputy Foreign Minister Samuel Pinheiro Guimaraes. Strategic Planning Minister Unger has locked horns with both Amorim and Garcia, Jobim said. He noted that Unger cannot take more than two years of leave from Harvard if he wants to keep his tenure, so will likely leave within the next six months unless he is offered a "bigger opportunity" in Brazil.

¶6. (C) Comment: Jobim's assessments confirm what we are hearing elsewhere on all three counts: that although the F-18 is widely seen as offering the best technology, the Rafale currently enjoys a political edge because of perceived foreign policy and tech transfer advantages; that Brazil is serious about developing its nuclear technologies further; and that Lula is eager to engage the new U.S. Administration.

In light of Jobim's comments regarding Garcia, it does not appear that the fact Garcia ceded management of the recent spat of regional disputes to the more nationalist Foreign Ministry reflects any loss of confidence by President Lula in Garcia, or a lessening of Garcia's influence in shaping Lula's foreign policy views.

SOBEL